How Has 2017 Shaped Up?

Description

As we are nearly halfway through the final month of the year, investors can now look back and consider just what kind of year they've had. Although it has not been very exciting for the numerous investors who stay inside the box, the truth is that an awful lot has happened.

To begin with, the Canadian government has taken steps to legalize marijuana and create a new sector for investors to dive into. With companies like **MedReleaf Corp** (TSX:LEAF) and **CanniMed Therapeutics Inc.** (TSX:CMED) coming to market through the initial public offering (IPO) process during the past year, the industry has completely taken off and made many investors very wealthy. Conservative investors however most probably missed out on both the profits and the volatility of this trade.

The second sector that came into its own during the year was the crypto currency or bitcoin market, which has completely exploded. Although the currency appeared to be just a trend to many investors, the reality is that the availability of something that can compete with gold (for hedging purposes) has exploded. So much so that a futures exchange has now emerged to track the alternative currency. The challenge over the next year will be how investors react to the currency moving from a very fragmented market to a more organized and liquid market. Essentially there will be one price per currency instead of multiple prices in multiple markets.

Again, although this new market was very exciting, many retail investors who lived through the technology crash have been left out of the fastest-gaining segments of the market. Clearly 2017 has shaped up to be the year of the younger, less experienced investors, as many of them have had a fantastic year while getting their feet wet.

The good news for everyone else not willing to take inordinate risks is that the traditional value approach to investing has never looked better. As an example, shareholders in **Enbridge Inc** (TSX:ENB)(NYSE:ENB) have lost close to 12% on a year-to-date basis. With shares in many more mature companies declining as a result of the low growth prospects, less aggressive investors have started scooping up these gems as the lower share prices have led to higher dividend yields. In the case of Enbridge Inc, shares have yielded more than 5.5% in spite of the company raising the dividend in each of the past five years.

As has been the case many times during the past decade (and even before that), mature companies that offer consistent earnings and dividends fall out of favour when the new cool kid rolls into town in a really nice new car. In the past year, investors have witnessed more than one cool car roll into town.

With an exciting 2017 on the books, investors will have to wait for 2018 to see how things play out. Eventually new cars age and the classics come back into style.

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